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11 DEC 1962

## MEMORANDUM FOR THE RECORD

SUBJECT: Meeting at BOB - Government-wide Communications Supplemental Budget

PRESENT: CIA - Messrs. [REDACTED]  
BOB - Messrs. Smith, Pettibone, Sherman, Osborne and Warner

1. [REDACTED] opened the meeting by explaining that original estimates prepared by the Orrick Committee were prepared hurriedly by individuals who could not be precise and that these estimates had since been subject to both upward and downward revisions. Speaking from Commo's spread sheet of their '63 and '64 supplemental requirements as directed by the Orrick Committee, he explained some of the "firm" and "probable" requirements levied upon the Agency.

2. Mr. Pettibone asked whether we had considered, in arriving at the estimate, the assets of other agencies. It was explained that the bulk of our costs were in areas where few assets of this type existed. In addition, [REDACTED] also explained that McNamara's philosophy included plans for alternate or multiple means. [REDACTED] indicated some of the problems which are arising out of the directives to establish numerous additional stations, i.e., requirements for additional antenna fields and base station facilities.

3. Mr. Pettibone was informed that the Director's position was that CIA must control its facilities for clandestine communications, that in some cases we might feed encrypted traffic through other agencies. Osborne explained that the Orrick Committee at this point was accepting CIA's interpretation of law with respect to this security requirement but that it might be necessary later to get a decision "at higher level". [REDACTED] explained that this did not involve a great deal of duplication as a practical matter.

4. [REDACTED] explained the basis for our "re-structuring" in response to Committee directives. It was revealed that we are not making an over-all evaluation of the entire optimum U. S. Government requirement, but only of our own requirements in order to respond to Committee direction.

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25X1 7. The spread sheet budget was shown to BOB personnel and discussed item by item. The estimate of [ ] and its interpretation by State, Defense, and CIA was considered with the conclusion that we could only reflect what it took to do the job. It was pointed out that the sub-committee did not consider the terminal requirements of 24 hour service.

25X1 8. [ ] reviewed the basis for the estimates item by item and the Bureau  
 ILLEGIB indicated that Defense intended to [ ] KW-26's without reimbursement. [ ]  
 pointed out the practical difficulties inherent in this arrangement. He explained  
 the detailed basis for the station requirements created by [ ]  
 25X1 in L. A. Our reasons for expanding [ ] were questioned and the need explained  
 25X1 in terms of [ ] being a minimum of 3 years away.

9. The BOB people indicated that while Defense and CIA have computed and submitted tentative '64 estimates, State has not felt it possible to include this in their '64 Budget. Sherman concluded after discussion that it might be best to have them submit a budget estimate even though it might be knocked out.

25X1 10. [ ] subsequent to the meeting, mentioned to Mr. Pettibone his  
 belief that the Agency must for security reasons go "off line" in any system run  
 by another Agency to protect agent identification and sources. Mr. Pettibone was  
 aware of this, but stated that the alternative might put the Agency "too far into  
 the Communications future". A copy of the Commo estimates (spread sheet for '63  
 25X1 and '64) was left with [ ]

[ ]

HB/COMP/JMC/SWR/jp (11 Dec. '62)

**Distribution:**

Orig - Budget

1 - Chrono

1 - Support Activities Br./ED

1 - [ ]

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